

MAJOR U.S. SMALL BUSINESS ADMINISTRATION LOAN PROGRAMS

Visit www.sba.gov/financing for more information on SBA's loan programs

List of SBA lenders in Virginia: http://www.sba.gov/localresources/district/va/va_VAPLCLP.html

FINANCE PROGRAMS	<u>7(a) LOAN PROGRAM</u> and <u>LENDER ADVANTAGE</u>	<u>PATRIOT EXPRESS</u>	<u>SBAExpress and EXPORT EXPRESS</u>	<u>CERTIFIED DEVELOPMENT COMPANY LOANS (504)</u>
WHO CAN APPLY	For profit businesses that qualify as small under SBA size standards (see 504 column) and cannot borrow on reasonable terms from conventional lenders without SBA help. Small/Rural Lender Advantage Initiative Simplified program open only to lenders with an average of less than 20 loans a year for the past three years.	Veterans, Active Duty Service Members eligible to retire, Reservists and National Guard members and the spouses of any of the above, plus widowed spouses of any service member who died while in service or of a service connected disability.	Same as regular 7(a) Business Loans	Same as 7(a) Loans. The size standard for both is currently a maximum net worth of \$8.5 million and maximum average net income after Federal income taxes over the preceding two completed fiscal years of \$3.0 million.
PURPOSE	Fixed assets, working capital or to finance start-ups or the purchase of an existing business; some debt payment allowed, but lender's loan exposure may not be reduced with the Express products. Lines of Credit are offered with the Express programs. Larger lines of credit may be available under 7(a) CAPLines .			Fixed assets only - no working capital. Limited debt refinancing on existing buildings. SBA takes a lien position behind that of the private sector lender.
SBA GUARANTY	90% , EXCEPT on loans in excess of \$1,666,666. Since SBA's exposure is capped at \$1,500,000 the guaranty will gradually decline to 75% at the \$2,000,000. (Recovery Act)		50% of loan or 90% for loans made for exporting.	SBA guarantees 100% of the debenture amount which generally ranges from 30-40% of the project.
MAXIMUM LOAN AMOUNT	\$2,000,000 Lender Advantage \$350,000	\$500,000	\$350,000 or \$250,000 for Export Express	The maximum amount of CDC/504 participation in a single project is \$1.5 Million (\$2 Million for projects that meet certain Public Policy Goals and \$4 million for manufacturers), minimum is \$50,000. There is no limit on the project size.
MATURITY	5 to 7 years for working capital, up to 25 years for equipment & real estate. All other loan purposes would have a maximum term of 10 years.		Same as Regular 7(a) except that lines of credit must be repaid within 7 years.	10 years for equipment 20 years for real estate.
MAXIMUM INTEREST RATES	Base rate plus 2-1/4% for maturities less than 7 years. Base rate plus 2-3/4% for maturities of 7 years or longer. Loans of less than \$50,000 may add an additional 1% and loans under \$25,000 may add an additional 2%.		Bank base rate plus 6.5% for loans of \$50,000 or less, Bank base rate plus 4.5% for larger loans	Based on current market rate for 5 and 10 year Treasury Bonds.
GUARANTY FEES	No SBA upfront fees are charged on long term loans as long as special funding from the 2009 Recovery Act or its extensions remains available. A fee of ¼% of the guaranteed portion of the loan is charged for loans with maturities of 12 months or less.			Up front fees of about .65% of the net debenture proceeds and an annual servicing and guaranty fees of generally less than 1% based on unpaid debenture balance. The first mortgage lender's loan may have additional fees associated with it.
SPECIAL FEATURES AND/OR REQUIREMENTS	Use SBA Form 4 and 4I for 7(a) and 2301 series for Lender Advantage	No borrower SBA application required. Loan credit authority delegated to the lender, but lenders must be pre-approved by SBA. Lender uses SBA 1920SX series of forms and borrower uses 1919 Borrower Information form .		Must intend to create or retain one job for every \$65,000 of the debenture <u>or</u> meet one of 14 Community or Public Policy Goals. A minimum down payment of 10% is required.

KEY SBA BORROWER INFORMATION – 2009 Recovery Act Edition

Funding for the Recovery Act benefits of higher guaranties and reduced fees
are currently being funded on a month to month basisⁱ

Guaranty Fees on loans exceeding 12 months in maturity. Under the 2009 Stimulus Bill SBA Fees are **temporarily waived** on most loans. Borrower fees are only charged on loans of less than 12 months.
Guaranty Fees on loans up to 12 months in maturity is still .25% and must be submitted within 10 days of loan approval. The full pre-Recovery Act guaranty fee may be required to renew the loan, so you may wish to make the loan for at least 13 months to avoid having to pay any additional fee.

Interest Rate Limits

Term less than 7 yrs	WSJ Prime + 2.25%
Term of 7 yrs or more	WSJ Prime + 2.75%
In lieu of WSJ Prime the lender may use <u>LIBOR</u> +3% or the <u>SBA Peg Rate</u>.	
Loan of \$25,000 or less	May add 2%

Loan of \$25,001 to \$50,000	May add 1%
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SBA Express limits are:

Lender base rate + 4.5% for loans over \$50,000
Lender base rate + 6.5% for loans of \$50,000 or less
Regular 7(a) rates apply to Patriot Express Loans

Maximum Guaranty Percentages

All Programs other than SBA Express.....**90%** **SBA Express** (\$350,000 maximum).....**50%**

On loans in excess of \$1,666,666, SBA's exposure is capped at \$1,500,000 so the guaranty will gradually decline to 75%

Richmond District Office Contact

	Telephone	Individual Fax	e-mail addresses
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Key Web Sites

Small Business Administration	http://www.sba.gov
Richmond District Office Homepage	http://www.sba.gov/va
SBA Richmond District Office Resource Guide	http://www.smallbusiness3.com/pdf/english/virginia.pdf
Small Business Planner	http://www.sba.gov/smallbusinessplanner/index.html
<u>Business Loan Proposal</u>	http://www.sba.gov/smallbusinessplanner/start/financestartup
Free Online Training Classes	http://www.sba.gov/services/training/onlinecourses/index.html
Virginia Small Business Development Centers	http://www.vasbdc.org/
Virginia SCORE: Counselors to Small Business Offices	http://www.score.org/
Participating Lender List - Richmond District Office	http://www.sba.gov/localresources/district/va/VA_VAPLPCLP.html
Financial Assistance Forms	http://www.sba.gov/tools/Forms/smallbusinessforms/fsforms/index.html
NAICS Code Lookup (Census website)	http://www.census.gov/eos/www/naics/
SBA Size Standards	http://www.sba.gov/contractingopportunities/officials/size/index.html
SBA Franchise Registry	http://www.franchiseregistry.com/Registry/
Exporting	http://www.export.gov
Free Credit Reports	www.annualcreditreport.com (allows you to request a free credit report once every 12 months from Equifax, Experian and TransUnion).

Small Business Administration

Richmond District Office

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ⁱ Funding currently is available through the end of April